ECONOMICS IN ACTION DEC. 1952

In spite of apparent prosperity, the new Administration will have to face some whopping economic problems within the next six months...So far, the picture is good. Personal income soared last month to a record annual rate of $273 billion a year, an increase of 5 percent over the 1951 total...Business profits, too, came back into stride after an eighteen-month dip. Heavy consumer buying accounted for the boost, although the steel strike took the edge off some industries' gains...Even prices, after the big post-Korean hike, seem to be leveling off....

BUT the experts are approaching the future very gingerly...The federal budget is the first headache. Committed to cutting the budget to $60 billion by 1956, the Eisenhower Administration will probably find itself faced by a nearly $85 billion budget drawn up by the outgoing Truman Administration for the coming fiscal year beginning July 1...Over $60 billion of this money is earmarked for defense projects and foreign aid that have been largely okayed by Congress...Tax money, however, is going to be harder for the new Administration to come by. The excess profits tax and the 10 percent post-Korean individual tax rise are due to expire in the next year and a half, and it is unlikely that a Republican Congress will vote to continue them. This will mean about $5 billion less in annual revenue for the government....

What to do about the defense program is the most important problem. For obvious reasons, we can't afford to make any slashes in armament spending now. But once our defense goals are met, the reconversion

of industry to civilian production might seriously upset the economy – possibly cause a recession. Just climbing out from under the blame for the 1929 depression, the Republicans do not want to get caught in a national slump a second time...To smooth the economy over the bumps to come, they may decide to stretch the armament program over a longer period so that the changeover from defense to civilian production will not be too sudden and drastic....

Maybe the best way to look at taxes is to think of the ones we don't pay. For instance, you can save $100 by not exhibiting circus freaks in Delaware; $500 by not selling caviar in North Carolina; and $5 a day by not taking a wild-west show into Vermont. These and hundreds of others are among the local tax payments that some people must make... Far pleasanter payments are the $10.72 a year (mostly in nickels and dimes) that the average person spends on candy and chocolates. This year the national sweet tooth has cost us $1.6 billion....

Throughout the textile industry there's been quite a flurry of recent activity. A bitter quarrel is on between the manufacturers of traditional fabrics and the promoters of the booming synthetic materials, with the wool growers fighting against "government favoritism" toward the synthetics industry...Cotton, meanwhile, has quietly staged a comeback, thanks to new production techniques, vigorous promotion and high styling...Men's shirts are another textile business that has shown a surprising pickup. Shirt production this year may top the 1950 record.... (*Continued on page* 63)

a personal note

YOU ARE probably familiar with the Rudyard Kipling poem that goes "East is East and West is West, and never the twain shall meet." A few months ago, these words of Kipling took on a special significance for us when we found ourselves trying our best to keep an English friend from meeting an Iranian, whose friendship we also enjoy.

For weeks the newspapers had been headlining news about the dispute between England and Iran over the oil fields. Official and public feeling in both countries was running very high. At the peak of this international crisis, we heard from our two friends. Both men were on their way to the United States, according to their letters—both scheduled to arrive in New York at the same time and, unknown to each other, on the same vessel, the *Ile de France*. To carry the coincidence further, each man wanted us to be on hand at Pier 88 when the boat docked.

It seemed to us that we had been caught in an impossible situation. The job of introducing Hussein Nasroullah of Teheran to John Pearsons of London promised many embarrassments; so, with the rationalizations that typify the human race, we conveniently arranged to be out of town on the day our friends from abroad arrived.

We were back in town the very next day, however, and at 9:00 a.m. sharp the office phones were busy with simultaneous calls from Nasroullah and Pearsons. We spoke to our Iranian friend first. He accepted our apologies graciously, and we arranged to meet within the hour. When we switched over to our English friend, he was equally gracious:

"Not at all, old boy," he assured us. "Business is business. I quite understand. What's that? Dinner tonight? I was counting on it. I say, mind if I bring a friend along? You'll find him very interesting . . . a fine chap I met on shipboard. Hussein Nasroullah. You undoubtedly recognize the name as Iranian."

Yes, we recognized the name, all right.

The three of us met that evening: a cheerful Englishman, a thoughtful Iranian and an embarrassed American. The American, with a guilty

conscience, decided to plunge right into the subject of oil. Get it over with once and for all, we thought.

"Now that Iran has taken over the Anglo-Iranian oil fields and nationalized them," we said, "what part do you suppose the English will play in the new setup?"

"They certainly are giving us the bumps," Pearsons replied.

"An unfortunate situation," Nasroullah observed.

Both men seemed more interested in the steaks that were being served than in talking about oil. Things were going much better than expected.

"Well, Pearsons," we said jokingly, "you Englishmen popularized this business of nationalizing your big industries. I suppose what's good for the goose is good for the gander."

"We haven't quite made up our minds about nationalization, you know, old boy," Pearsons pointed out. "The Labour Party starts to nationalize when it is in power. Then the Conservatives come in and start to denationalize. I suppose it will go back and forth like that for the next twenty years until there isn't any industry left."

"That reminds me, my friends, of a story I read in this morning's newspaper," Nasroullah joined in. "It was about a husband and wife having a court fight over custody of their child. The paper printed a picture of the parents pulling their small boy apart. Evidently they both love the child very much. A most unfortunate situation."

"That is the way it is between the Labourites and the Conservatives," Pearsons agreed. "Of course," he added, "we are trying desperately to find methods to hold up our standard of living. You Americans have solved the problems of production and distribution much better than we have."

"But nationalization of our industries is precisely what we have avoided," we pointed out.

Pearson was warming up to the conversation. "Have you *really* avoided nationalization in this country? I think I can prove that you Americans have the most nationalized industries in the world."

"Proceed, please," we managed to say.

"Thank you. What is it that some people hope to gain by nationalization? The theory behind it is that under government ownership the people supposedly will own industry and thereby get its full benefits.

"Now," Pearsons continued, "let us look at American business and industry. A giant economic structure has been created here. This entire

(*Continued on page* 6)

challenge
MAGAZINE

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ECONOMICS IN ACTION

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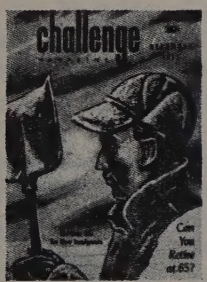


Cover by Claude Newkirk

A Personal Note..... 3
from the editor

The World's Toughest People..... 8
DPs get a new chance

Our Advice to Europe..... 16
how good is it?

Serve Yourself, Please! 24
super-selling comes of age

Savings at Work..... 30
a picture story

Pattern for Social Reform..... 36
idealists vs. realists

Can You Retire at Sixty-five?..... 44
it's everybody's problem

A Businessman Looks at His Place in the Community..... 51
an executive's personal creed

The Wytheville Story..... 58
community action averts disaster

a personal note (*Continued from page* 4)

structure is engaged in the process of making available as many things to as many people as is humanly possible. You are far from perfection, but you are heading in the right direction. As a result, American society today is typified by neither the very rich nor the very poor. Instead, you are rapidly developing a large body of middle-class citizenry which enjoys the fruits of farm and industry to a degree completely unknown to the rest of the world. Can you deny this?"

We could not deny it. In fact, we were in complete agreement.

"Now, then," Pearsons went on, obviously enjoying himself, "when the Labourites, or Socialists, in Britain talk about nationalizing industry, what they really want is to have British industry produce and make possible the distribution of greater material wealth to the people — just as your industries are *already* doing. If results are any criterion, American industries certainly qualify as the most nationalized in the world."

There was an obvious point to be made here, and we made it: "Granted that the Labourites want to achieve the same results we have in the United States, what of the means the Labourites wish to employ? Their means are different from ours."

"I can tell you that in a poor country like Iran," Nasroullah interjected, "it is too late to discuss *means*. Today the discontented man will try nationalization as a means to improve the standard of living of his country. What you Americans have done seems miraculous to us. We do not completely understand how you have done it, but we would like to achieve something of your success — by whatever means that seem expedient to us."

"Of course the economic problems of Iran vary somewhat from ours in Britain," Pearsons added.

"Naturally," Nasroullah agreed. "You gentlemen are discussing economic matters involving giant industries, which exist in both the United States and Britain. The primary concern of Americans is to build more automobiles and more and better houses. For the English it is a question of more coal, more steel and more trade to maintain your good living standards. In Iran, when the Point Four Program provides us with a sturdy breed of jackasses to strengthen the blood-line of our degenerate animals, for the first time in

two centuries the Iranian peasant will have a truly helpful beast of burden to aid him in his labors."

"Quite so, quite so," Pearsons agreed.

"But I fear I interrupted you," Nasroullah apologized, looking in our direction.

That was our cue. "I merely wanted to make the point," we said, "that the United States had achieved these desirable ends through a system of private ownership, not government ownership as the British Socialists propose to do."

"I have no dispute with you there," Pearsons replied agreeably. "However, I can prove that even in the matter of ownership your industries are moving in the direction of complete nationalization."

"Go ahead," we invited him.

"It seems," Pearsons continued, "that there are 6.5 million people in this country who hold shares in American businesses. To put it another way, one out of every ten families in the United States has a direct interest in corporate ownership. Seventy-five percent of these stockholders earn less than $10,000. Nearly a third of them earn even less than $5,000."

We could see what he was driving at, but for argument's sake we said: "The picture isn't as rosy as those statistics make it appear."

"True, statistics are tricky." Pearsons replied without a moment's pause. "I dare say that with some careful study one could show that about 3 percent of your stockholders still own the greater part of your business and industries. I am not saying that you have achieved all that can be achieved. But the trend has begun. You are on the right track, and that is most important. More and more people will eventually participate in the ownership of your corporations. That is certain. And you are developing this broad ownership without gevernment interference. You are not complicating your economics by subjecting them to politics. Your industries are really working for the people, and the results are plain to see. What we cannot see as plainly is the fact that your industries are gradually passing into ownership by the people. You are developing in this country, I repeat, the most nationalized industries in the world. And I say *nationalized* in the truest sense of the word."

The Englishman, we had to agree, really had proved his point. But in the process the steak before him had turned cold. We called this fact to Pearsons attention.

"Most unfortunate," Nasroullah observed. —H.B.

The World's Toughest People

'Displaced Persons' make a place for themselves

By Walter Dushnyck

"THEY are among the world's toughest people. The weaklings just didn't survive!"

That is how one official describes the 395,000 Displaced Persons brought here in the last four years.

Many of the DPs showed deep wear and tear when they first arrived here. They would have stood apart in New York's Grand Central and Pennsylvania Stations, without benefit of the ropes which marked them off from the thousands of New Yorkers. In their coarse, old clothes they huddled in silent and empty-eyed family groups — even the little yellow-headed boys. Awed and seemingly drained of spirit, could these people get ahead in this bustling land full of new ways of doing things?

The Artymiuk family from Poland, now settled on a fifteen-acre farm near Antigo in northeast Wisconsin, helps to give the answer. Konstantyn Artymiuk, 51, his wife, Josefa, and two sons, Borys, 16, and Stanley, 7, arrived in the United States penniless three years ago. Their oldest son, Peter, 26, joined them early this year.

Before the war the family lived on a farm in what was once a part of Poland. (More than 70 percent of the DPs are from countries now occupied or dominated by the Sov-

iet Union.) During this time two of Konstantyn's brothers were clapped on the shoulder by Soviet secret police and deported to Siberia as "enemies of the people." By 1949 the Artymiuks were among the hundreds of thousands of displaced persons milling in camps in Western Germany. With the United States DP program finally underway, they won sponsorship for work on a cotton plantation in Louisiana.

After a few months on the plantation—which did not promise a solid future—Konstantyn located a new sponsor in Wisconsin, Mrs. Joseph Helmrecht of Deerfield. For more than a year the family lived and worked on her farm. In most of the long-homeless DP farmers, however, the urge to acquire their own parcel of land ran deep. Konstantyn Artymiuk was no exception.

He liked the fertile, wooded country around Deerfield, with its dells and scores of sparkling lakes. After looking over prospects, he contracted with Albert Seefeld, fifteen miles away, for his fifteen-acre farm. He agreed to pay $3000 with $25 down and monthly payments of $35 including interest. The purchase included a house, a barn and a shed, all wired for electricity.

Konstantyn then took a job at the Jesdahl Lumber Company's sawmill in Deerfield for $44 take-home pay a week. Josefa busied herself with chores on the farm, while Borys and Stanley attended school in the town of Little Chicago.

In the evenings and on weekends wiry, energetic Konstantyn cleared stumps and rocks from three more acres for cultivation, repaired his buildings and repainted. During the fall of 1950 the family earned $300 by picking potatoes and bought some pigs, chickens and feed. Eventually they gained two cows, five calves, twelve pigs, 150 chickens, four geese and six ducks — more livestock than they had ever owned in Poland. The following summer the older boy, Borys, helped neighbors harvest hay on a share basis to obtain feed for the cows and

Walter Dushnyck is a staff member of the War Relief Service of the National Catholic Welfare Conference.

calves. At the end of the year, the Artymiuks had paid off $400 on the farm.

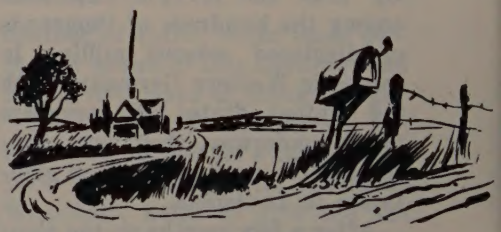
By this time Konstantyn Artymiuk had achieved something he hadn't dreamed of in pre-war Poland—he had bought a bright new tractor with a down payment of only $30. Buying "on time" had not been possible at home. With the tractor, Konstantyn gained time to plan at leisure and to take part in the life of the community around him.

"While we were building our new church," relates the local Roman Catholic pastor, "my parishioners conducted an auction sale at which they contributed whatever they could toward the cost... Konstantyn also came, and to the great surprise and admiration of all, donated a pig, which, relatively speaking, was the greatest contribution of all. This . . . so impressed the rest of my people that they boosted their contributions, with a result highly beneficial to our church. The Artymiuk family indeed is a wonderful addition to our entire community."

For Konstantyn himself it's all hard to believe, despite the toil he and his wife and sons have expended. In still-halting English he exclaims, "You don't know what has happened to me—to me it is a miracle, a miracle that I could begin to own a farm so quickly!"

Firmly rooted and prospering, the Artymiuks demonstrate how many former DPs are blending their long-smothered energies with those of their new homeland. For most, their troubles had begun when they were uprooted from Eastern Europe by the Nazis to serve as slave labor during the war. Others fled from Central and Eastern Europe ahead of the Russians after the war. Traveling on foot, on bicycles and in carts, they had to abandon everything they could not carry.

Gradually they found their way to, or were rounded up in, camps and assembly centers run by the Western Allies. There they waited year after year, most of them, while the United States, British



Commonwealth nations and the Latin-American countries set up the pipelines to a new life. Many died of disease worsened by their run-down conditions. Some were forcibly sent back to the East.

As eventually organized in this country under the Displaced Persons Act of 1948 (in cooperation with the International Refugee Organization of the United Na-

tions), the resettlement program called for private sponsors to promise jobs and living quarters for individual DP workers and their families. The various private and public agencies with which sponsors dealt cleared these "assurances" through the federal DP Commission in Washington. Representatives of the Commission combed suitable workers and their families from the camps in Europe and sent them here at government expense.

Tags of relief agencies dangling from lapels, the DPs stepped from their ships into a roaring immensity of glass and concrete and orange taxis. Some were afraid to turn the corner from hotels where

they were placed temporarily, for fear of being lost.

Relief agency people arranged their trips inland with fares paid for by sponsors. From ten countries the DPs streamed to every state and most of the territories of the United States: 34 percent from Poland, 15 percent from Germany, 9.3 percent from Latvia, and the rest from Lithuania, Estonia, Czechoslovakia, Yugoslavia, Hungary and the Soviet Union, in that order. Chosen by trade or profession, they included a far higher proportion of skilled men and women than had the waves of previous immigration to this country. The largest single group, about 28 percent, took up the plow, as did the Artymiuks, thus continuing one aspect of their old life.

On an Iowa farm a Latvian startled his sponsor by introducing an apiary; six beehives now flourish profitably. A DP grocer in Athens, Georgia, now employs native Americans. A Polish watchmaker in the same city has impressed his boss as "the best I've ever seen." In Springfield, Illinois, young Stanley Moskwa ambitiously charts his future, after having been sent for by the former United States Army officer who met him in Germany, James Bolinger, manager of the Leland Hotel. Says Stanley:

"Mr. Bolinger started me from the very bottom. I was doing all kinds of jobs and errands in the hotel. I was a houseman, bellhop, pageboy, kitchen helper and the like. I am studying every phase of hotel management and like it very much."

Among the more experienced and trained DPs are hard-rock miners, machinists, sheet-metal workers, tool-and-die makers,

molders and lumbermen, come to ease shortages in such skills in the defense program. The Ford Motor Company has put over 3000 DPs to work in Buffalo, the most in any one plant. A group of Yugoslavs has revived a run-down paper mill in Ancram, New York, and made it pay in the midst of tough competition in the industry. At one school alone, Marquette University of Milwaukee, six DP professors hold forth.

At first, set down in the wilderness of American customs and methods, the DPs could do little to capitalize on their new freedom. Many stood in sore need of all their toughness and of all the sympathy their sponsors could give.

Beginning work on a large Nebraska farm, as a hired hand, for instance, the DP who had been a bona fide farmer at home felt at a loss. Accustomed to laboring almost entirely with his hands and with horses or oxen, he had to be taught how to operate machinery which appeared extremely complicated to him. Used to small holdings which yielded a dozen or more mixed crops, the DP had to adjust himself to a huge acreage which produced specialized crops on a clanking rural assembly line. Arguments and sometimes comical misunderstandings broke out often at the start.

Writing to the private agency which had directed him to a sponsor in Minnesota, one DP wanted to know, "What kind of a farmer is he . . . he has to go to a store to buy his potatoes!"

It took this man some time to get used to the idea of a farm that did not attempt to meet most of the basic needs of the people occupying the land. He could not have been expected to grasp immediately the gains in over-all production from mass output of a few crops intended almost entirely for sale. Other DPs likewise questioned the feeding of corn to pigs, thinking it was too good for them. They did not see at first that to Midwest farmers, this is a way of making their corn "walk to market," as well as improving the

quality and supply of pork available for the nation at large.

Even in the familiar and simple things there were clashes. To his dismay and humiliation the DP farmer discovered he was expected to milk the cows! Back home this was strictly the woman's job. The DP realized soon enough, however, that taking care of fifty cows instead of two or three called for new methods and new standards.

The language barrier complicated matters. In one case an eighteen-year-old girl who spoke some English had to be taught how to drive the tractor so that she in turn could teach—and convince—her father. As for machinery in the home, many a DP housewife approached the whirling, thumping washing machine with dread suspicion until it was explained to her.

Commonly, however, despite language difficulties and old habits, the DPs have rushed to acquire TV sets and all sorts of appliances. With their normal wants long frustrated in Europe, they had longed for the day when they could do so. It is not surprising that, suddenly finding themselves in the midst of plenty, they have splurged on occasion. Within six months of arriving as paupers, a few DPs have driven gleaming new cars, which in some cases their sponsors themselves could not properly afford.

HAVE the DPs shaken off the restlessness bred of their nomadic life in Europe? Not quite. Lacking a rounded social life, some continued to yearn for old-time surroundings after months in the United States. Along with language difficulties, this yearning has been responsible for an exodus of many DPs from rural areas to the lively nationality centers of northeastern and midwestern cities. In this way some of the DPs have sought out the nearest thing to home they could find since fleeing the Communist regimes in their native localities.

Often they've gone looking for better-paying jobs in the cities as well, exercising a freedom of movement and opportunity it has taken them years to win. And many are striking out in directions which might not have occurred to them or have been possible at home.

A. M. Veselinovichy of Burlington, Iowa, began behind the counter in a furniture store. Recently

he wrote the Church World Service, a leading Protestant relief agency, "Ever since I began to realize the challenge and advantages of selling, I wanted to become a salesman on the road . . .

It not only offers opportunity, but also a chance to see and learn the country which by now has become my own." He now has a hand in the continual expansion of markets for consumer goods in our country.

Among reasons for the desire of some DPs to pull up stakes again was an initial letdown upon not finding life here as uniformly luxurious as they had been led to expect by beliefs prevalent in Europe. And occasional abuses turned up. In the course of a survey of twenty states, it was found not too infrequently that a sponsor had provided an assurance simply to obtain cheap labor. In such cases the DP's standard of living, elsewhere much higher in income, food and housing, was lower than he had known in his old country prior to the war.

Here and there a man had been put down on a farm or orchard for the first time in his life. Such situations, in which a feeling of uselessness aggravated normal loneliness, led to most of the 10 percent or so of DP "casualties" —men who left their sponsors for greener pastures before working off the expense incurred by their sponsors on their account. More frequently there were men with several college degrees working as servants, doctors as hospital attendants, professors as clerks, or landscape architects as nursery employees. Optimism usually prevailed even in these cases, however, and for the most part has been justified.

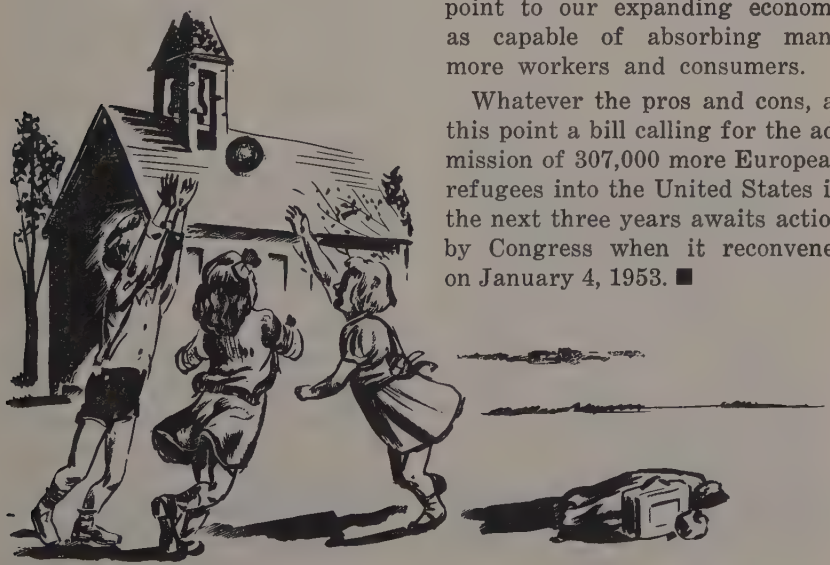
IN FOUR short years the DPs have become part of the America they saw in their dreams. Their children, ruddy-cheeked and sturdy, mix easily with their native-born schoolmates, while they themselves attend Americanization and citizenship classes, enroll in Red Cross chapters and join labor unions.

With the last boatload of DPs having arrived last July, the DP Commission pronounces the resettlement program a success. From the viewpoint of cost, the Commission points out, the program has more than paid for itself. The $19 million of federal expense has been made up many times over in income and other taxes. Based on

life insurance estimates of the cost of raising a person to the age of eighteen, moreover, the nation has been enriched by human productive resources which can be valued at $3 billion.

To the private and public agencies which shared in the program goes credit for providing top-level organization and drive. They helped secure assurances of housing and employment for the DPs, directed their inland transportation, performed countless auxiliary services and followed up resettlement progress.

Of course, everything turned upon the contribution of the individual sponsor. His generosity, his patience and his willingness to take the DP into his home and community buoyed up the program from start to finish. His role was something new in the history of America.



As for the DPs remaining in Europe, what about the millions still crowding Western Germany, with hundreds more drifting across the border from the East every day? It is generally agreed that overcrowding in Western Germany, as well as in Italy, the Netherlands and Greece, menaces the stability of these nations as partners in the defense system of the North Atlantic Treaty Organization. Opponents of further DP immigration to this country warn of job competition and a more severe housing shortage. Advocates stress a moral obligation and point to our expanding economy as capable of absorbing many more workers and consumers.

Whatever the pros and cons, at this point a bill calling for the admission of 307,000 more European refugees into the United States in the next three years awaits action by Congress when it reconvenes on January 4, 1953. ■

"We have come to show you how."

How Good Is Our Advice to Europe?

Understanding ourselves would help us to help others

By Michael L. Hoffman

GENEVA

EUROPEANS have learned a good deal about the United States in the past few years. They could hardly help it. Probably no such campaign of economic education as that conducted by American officials and businessmen in Europe has ever before been launched at the helpless heads of a civilized population.

The American economy has been held up as a standard to guide war-torn and exhausted Europe. Every nook and cranny of Europe's national economies has been exposed to criticism. She has been told that her economic systems are inefficient; that her markets are too restricted geographically; that she does not force businessmen to compete enough; and that she cannot expect to get Twentieth Century results by living in an Eighteenth Century manner. Above all, Europe has been told that she must become more like the United

States—socially and politically—if her economic activity is to be more satisfactory for all concerned.

From this vantage-point in Switzerland, it seems safe to say that Europeans have been studying comparisons between American and domestic results in various fields of economic activity, and they have been trying (on the whole very earnestly) to apply American methods and institutions to some of their problems. However, while the European national economies have been making an effort to catch up with the 1939 pace of the American economy, that same American economy has not only increased its lead over the European, but it is moving forward at an ever-increasing rate of gain. Astute European observers are therefore beginning to sense that there is more behind the dynamism of the American economy than American advisors in Europe have thus far explained. The economy that has been held out as a model to Europe seems to have too much of the text-book about it—too many of the formalities which no longer play a role in the American economic scene. American advisors have appeared to be reluctant to admit that their economy had departed from the classical rules while achieving constant vigor and expansion. As a consequence, there is a growing feeling in Europe that if there is to be American guidance, the direction of that guidance must be recast into more realistic terms. And while we are on the subject of greater realism, many Europeans are beginning to feel that much would be gained by a more penetrating American analysis of the real roots of the relative economic backwardness of Europe in the Twentieth Century.

THE fact is that a great many reasons commonly given by Americans for the economic backwardness of Europe are either purely static explanations or manifestly irrelevant. It is, for instance, obvious — but unhelpful — to "explain" the facts by pointing out the greater horsepower per worker in American industry. The question is: *What would it be necessary to do in Europe to make it possible to utilize greater horsepower per worker in European industry?*

When faced with this sort of question, Americans too often start talking about legal institutions, such as the anti-trust laws, which are essentially unexportable, or of commonplaces like the need for "more competition" —

Michael L. Hoffman, New York Times correspondent in Switzerland, and expert on European economics, wrote this article on assignment for Challenge.

without analyzing what the object of competition should be.

Similarly, a great many of the "explanations" given of American industrial supremacy are plain nonsense, such as the common but fallacious assumption that more industrial ideas are born in the United States than in Europe. American engineers will tell you that this is not so. It *is* true that industrial ideas are developed in the United States and made into saleable products more rapidly and more generally than in Europe. But we do not *originate*, even today, nearly as many industrial inventions as most people think. An engineer told me a few weeks ago that not one important improvement in the automobile popularized in the United States during the past fifteen years has been an American invention. This may be an exaggeration, but it is a significant statement all the same. Even more significant, however, is the fact that in the United States these automotive improvements have become a practical reality for millions of people, while in Europe too many of them have remained on the drawing boards or have been put into custom-made models only.

Another unfortunate habit of Americans in Europe is to cite data which point up the differences in the productive capacity of Europe and the United States. To say that the United States, with a population of 156 million, has a gross national product of $328 billion, while Western Europe, with a population of 260 million, has a gross national product of only $121 billion is to set the crude outlines of the problem. To say that it takes two hours to produce a pair of overalls in the United States and fourteen and one-half hours to do the same thing in France doubtless means something; although when a Frenchman asks how many hours it takes to produce a bottle of *Gevrey-Chamertin 1938* in America, he is suggesting some of the dangers inherent in this type of comparison.

But to keep citing data of this kind can be excessively irritating to Europeans. And it does nothing to improve our knowledge of *why* this huge disparity in productive power has risen within the western world. Nor does it explain *how* this disparity can be reduced.

It is encouraging, therefore, to note that both in the United States and in Europe efforts are now being made to get away from clichés and statistical comparisons. There is developing a more realistic appraisal of what goes on in the United States that does not go on in Europe—an effort which might begin to explain the difference in economic dynamism between the United States and Western Europe.

In his book, *American Capitalism: The Concept of Countervailing Power,* Professor John K. Galbraith has broken new ground in explaining the functioning of the American economy. Instead of analyzing the ways in which this economy has come to differ from the classic competitive model that American businessmen talk so much about, and instead of writing obituaries over the economy because it does so differ, Prof. Galbraith tries to pinpoint those aspects of the American economy which seem to explain its growth and behavior—despite its departure from the text-book model.

ONE example may help to show how useful this analysis can be. If the object of public policy is to maintain in operation a very large number of sellers at the retail level in order to approximate the ideal of many competitors, then

the French economy should be nearer the ideal than the American. There are something like three times as many retailers per capita in France as in the United States. In fact, as anyone knows who has lived in France, the economy is heavily *overburdened* with retailers, nearly all operating at a volume of business much below the optimum for their "industry."

Now, one of the common American answers to Europe's economic difficulties is "more competition." But merely more competition in France at the retail level would lead to even greater inefficiencies —and eventually to many business failures. Such a development, Europeans are quick to point out, would eventually end up with "monopoly" — which, of course, Americans do not approve of. To preach "competition" to the French, therefore, leads to a dead end unless some clear idea of where that competition should

lead, in terms of institutional changes, is formulated.

Here Prof. Galbraith's book is helpful. It points out that in the modern American economy it is not price competition alone that acts as a regulatory force at the retail level, but the restraint which strong buyers (giant retail organizations) exercise on strong sellers (giant producers). The retail organizations, in turn, are competing for the consumers' dollars under the incentives of the profit system. In this context, "competition" becomes relevant—not in terms of a large number of retailers competing, but in terms of their capacity *as strong buyers* of manufacturers' output. Such retailers can put before the consumer, still at a profit, more and more goods at lower and lower prices.

It is not the corner grocery that has put the dynamism into the American economy at the retail level, but Sears Roebuck and the A & P. It is not the corner grocery, but the Sears Roebucks and the A & Ps that are underdeveloped in France. "Competition" that would force the creation of *more efficient* retailing units would help France. But trying to enforce "competition" solely with the object of multiplying units engaged in retail trade is precisely what France does *not* need.

A very hopeful development is the emergence in Europe of a type of criticism that does not compare Europe to what some Americans say about the American economy, but compares it rather to what *really goes* on in America.

I was struck recently by one manifestation of this type of analysis which appeared in the *Financial Times* of London under the heading "Can You Do It Yourself?" The article dwelt in some detail on the curious American penchant for doing one's own house painting and permanent waving, or serving oneself at the grocery, etc. It cited a number of very considerable effects this habit has had on the pattern of industrial development, making some industries obsolete, economizing labor, creating demand for new mechanical gadgets and sometimes turning vanishing crafts into thriving commercial operations as

people take to doing their own panelling, weaving and such.

Here is a characteristic of the American economy that most Americans would never even notice—one that plays no part in the traditional "explanations" of why things happen the way they do in America. Yet it is discovered by a European to have direct significance in explaining part of the flexibility and dynamism of that economy.

The most important thing that Europeans are beginning to discover about the American economy, however, is neither technical nor purely institutional. It is that the role of the entrepreneur in the United States has undergone a development in the past quarter century that has made of this vital institution something that fits neither the text-book theory of competitive capitalism nor the Marxist theory of capitalist monopoly. If a short phrase can be made to cover a very complex development, this change might be described as the discovery and exploitation by American businessmen of the "income frontier" just when the stimulus of the geographic frontier was beginning to wear off. In short, American business and industry are constantly exploring the markets that exist farther and farther down the income scale.

THIS characteristic of the United States' economy can be described in many ways. A French writer recently stated it as follows: "One of the greatest teachings of the American example is this — an economy stays healthy and therefore young and progressive to the extent that it functions for the benefit of the consumer."

To an American, this observation seems so obvious it hardly is worth stating. But it is not so obvious in Europe. It is hardly understood at all.

Professor G. C. Allen puts it another way. In a trenchant criticism of British industrial investment since World War II, he describes a characteristic of *the British architectural conception of industry* as follows: ". . . Every industry should hold that it has a

prescriptive right to its existing place in the economic structure and should claim that the government ought to buttress it if the need should arise." In other words, businesses can *claim*, not *earn*, their place.

This attitude is more widespread on the Continent, with the possible exceptions of Belgium and Switzerland. This, and not the absence of anti-trust laws, helps explain the real differences between European industrial behavior and that in the United States.

BUSINESSMEN who feel that they have a "prescriptive right" to make the products they are accustomed to make, and to sell to the people to whom they are accustomed to sell, do not feel the pressure, which is constant in the United States, to sell products to more and more people farther and farther down the income scale. In my opinion, the firm conviction on the part of the American businessman that there is no conceivable limit to this process of expanding markets downward is the greatest single dynamic force in the American economy today —and one that is woefully absent in Europe.

Class distinction probably explains much of the British difficulty in this respect. No one in his senses would think of trying to sell black Homburg hats to British steel workers. Steel workers do not wear black Homburg hats; civil servants and bankers do. But even on the Continent, where real class feeling is much weaker, the assumption that some people will not buy a product because those people, and their fathers and grandfathers, never bought it before dominates business thinking. The idea of making a practical business objective of penetrating a new market made up of lower income groups and then *designing* a product that can sell at a price that will reach that market is almost unheard of in Europe.

It always takes an Italian businessman by surprise when, after touring some of their excellent factories, one asks how many of the employees buy the firm's product. The common practice is to sell as much of a thing as the traditional market will easily absorb—and then regard the market as "saturated" and either shut down or ask for government help.

In fairness to the Italians, it must be added that the one outstanding example of a successful breaking through the income frontier by European industry since World War II is Italian: the development and successful marketing of the fussy little motor scooters that bedevil traffic in every Italian city and town.

An industrialist, whose old factory became useless when Mussolini's navy disappeared, refused to sit back and wait for another navy to be created so he could use his machines. He took an old invention, the motor scooter, set out to produce it on a large scale, and sold it to more than one million Italians (by the end of 1951). These are the same purchasers who were regarded by Italian businessmen as generally too poor to provide a market for the products of modern industry, namely, a mechanical conveyance. The industry has now spread all over the European continent.

That it should take thirty years for Italian industry to grasp the lesson of the Model T Ford is sad, and perhaps astonishing. But the Vespa scooter and its numerous competitors have triumphantly proved that private enterprise can still work in Europe if its rules are understood and obeyed.

I suggest that only the growth of a new entrepreneurial attitude toward the "income frontier" can end the dismal swing from inflation to stagnation that now characterizes Western Europe's economic life.

If we can start to examine all the various proposals for change that have been growing in Europe's troubled soil during the past few years from this viewpoint—letting Europeans do most of the talking—the industrial and economic decline of Europe might still be arrested and reversed. ■

By Hedy D. Jellinek

HAVE you noticed that worried look on the face of your local druggist or grocery man? If you question him about it on one of your less and less frequent shopping visits, he will probably point next door to the supermarkets, modern department stores and vending machines which are vamping away more and more of his customers.

The truth of the matter is that American buyers and sellers are changing their habits radically all over the country. The chief contributors to this change have been the rapidly spreading self-service systems. The idea of "serve yourself" originated with supermarkets in the food and grocery line; now other retailers are adopting it.

Let's take a look, then, at the supermarkets, department stores, and vending machines which have put the notion of self-service across so effectively to the buying public.

First of all, supermarkets have been growing in number at an accelerated rate. It is a recent growth. A survey by the Supermarket Institute shows that close to 30 percent of its member stores were built only during the last two years. Yet, the number of supermarkets is still very small, constituting only about 3.5 percent of all the nation's food stores.

The amazing thing, however, is that supermarkets did a thumping $12 billion volume of business in 1951—no less than one-third of the total business of all the country's food stores in that year. And a big share of this volume belongs to *non-food* items!

Supermarkets have come up with the pleasantly startling idea that appliances from toasters to refrigerators, and apparel from socks to suits, can be sold without high-pressure salesmen. Food Fair Stores, for example, has introduced a large ready-to-wear clothing department in one of its Philadelphia stores, featuring men's furnishings, women's dresses and accessories, and children's wear. Not content with this, the supermarkets have also acquired a full line of health and beauty aids and other familiar drugstore items ranging from aspirin to toothbrushes.

What, then, is the key to this successful expansion of the self-service supermarket? The answer lies in the fact that it fills a need and fits perfectly into today's pattern of living: the suburban home or garden apartment that takes young homemakers far away from the old "downtown" shopping areas; the car which enables the housewife to carry home a heavy load with ease; the refrigerator and the freezer which make possible the storage of large quantities of food for a long time. Important also is the increasing well-being of the middle income family in general, whose members are the typical supermarket customers, looking for low prices and willing to make fairly large lump-sum purchases.

SELF-SERVICE is a brand new concept for department stores and other non-food retailers. They have found that supermarket selling methods cut costs and permit profits at lower prices.

A typical example of this trend is Hearn's, New York City's oldest department store. Self-service operations were made an integral part of the oldest store in the chain on its 125th anniversary last fall. Top company officials have predicted, after careful and selective testing in their Bronx, N. Y., Bayshore, Long Island and

New York City stores, that ready-to-wear departments, and some portions of the houseware and men's wear departments can be run on a self-service basis, efficiently, at a profit, and with savings to the shopper.

So far Hearn's has made the transition without dismissing a single employee. Cuts in costs are expected not so much through a reduced staff as through increased efficiency of the sales operations, leading to more sales per employee.

While no official announcement has been made, R. H. Macy, New York's largest department store, also has some self-service plans up its sleeve. Once decisions have been made on which departments will undergo the innovation, Macy's too, will undoubtedly start swinging into the self-service trend.

What about other retailers? The plunge into self-service has already been taken by a number of non-food chain stores. Outstanding example of these is F. W. Woolworth's new self-service branch near Manhattan's Stuyvesant Town. As in a regular supermarket, shoppers serve themselves from clerkless counters and carry their purchases in baskets to wrapping and check-out points. To anyone who has ever been annoyed by seemingly fruitless waiting for sales help in

a dime store, this is indeed good news. Here again, the object is not to cut costs by dismissing sales help, but to increase efficiency, so that more shoppers can buy more goods faster than ever before. Once this experiment proves successful, the nation's biggest dime-store chain may very well convert more and more of its 1,965 other stores. And when that occurs, self-service will no longer be a revolutionary innovation, but the accepted buying method all over the country.

There are countless other examples of recent conversions to the new system. To mention only a few: the Friendly Frost chain has opened a self-service department in two of its eleven stores in the New York suburban area. S. S. Kresge will open its most modern store (now in the process of being built) in Princeton, New Jersey, on the self-service plan sometime next year.

Less spectacular, but equally interesting, are developments in the drugstore field. In self-de-

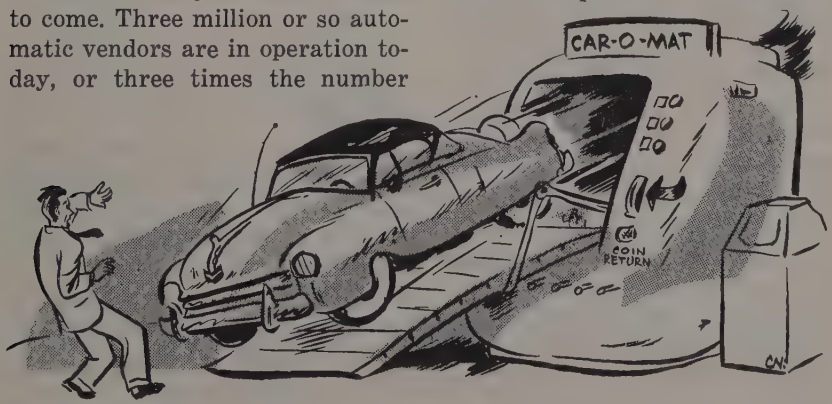
fense, some large druggists have themselves adopted self-service methods. The Walgreen chain has built "superdrugstores" which sell as many as 22,000 items on a "serve-yourself" basis. This completes the phenomenon of supermarkets becoming drugstores and of drugstores becoming supermarkets.

EVERYONE has bought a candy bar or a pack of cigarettes from an automatic vending machine at one time or another. But the familiar candy and cigarette dispensers are only the beginning. According to industry spokesmen, the surface of automatic selling hasn't even been scratched.

The vending machine industry has shown record gains within the past few years. Because of the newness of the industry, statistics are few and far between, but what there is available is enough to tell the story of what is still to come. Three million or so automatic vendors are in operation today, or three times the number used ten years ago. Remarkably enough, in 1951 these machines sold about $1.2 billion worth of merchandise — everything from apples to wire recorders!

Many department stores probably will follow the example of Boston's fabulous Filene's, which is already experimenting with selling department-store items through vending machines. According to reliable sources, Macy's, too, will soon install a giant vending machine, which will sell small items, including a variety of "hard" goods, completely automatically, and presumably at all hours of the day or night.

Such machines can be useful in a number of ways. They enable a store to operate with a minimum of personnel at night, for one. With more and more stores planning to stay open at night at least twice a week, this could become an important consideration.



Use of giant vending machines, equipped to handle a variety of merchandise, might also prove useful in solving the problem of pilferage, which plagues all self-service stores.

All in all, the vending machine has a promising future in this robot age of ours.

As for the shopping public, it has accepted the idea of self-service wholeheartedly. For not only does it invariably connote a lower price, but if conducted under modern methods, it is infinitely preferable to inefficient and sometimes even discourteous sales help. On the whole, the American shopper, particularly of the male sex (and he is becoming increasingly important as a buyer of groceries as well as other goods), likes the impersonal approach; he likes to pick out merchandise on his own, especially if it is attractively packaged and well-displayed.

Competition between different cash-and-carry stores will be working toward constantly improving shopping facilities. Already, several large self-service stores are now featuring such special attractions as lounges, lunchrooms, music — even baby sitting services.

Next comes the question of the small shopkeeper. How will his livelihood be affected? Once most residential shopping centers are equipped with supermarkets, and suburban branches of department stores run on a "serve yourself" basis, obviously less business will remain for the small entrepreneur. He will have to meet this competition by using considerable ingenuity—if it can be met at all.

Finally, how does the self-service revolution affect employment? Will it mean increasing unemployment among sales people? The answer is an emphatic *no!* This is a common misconception. Supermarket methods reduce the number of sales clerks, true. But they also increase personnel engaged in stockwork, packaging, checking, supervising and other administrative work. It is precisely this reshuffling of job classifications, geared to the self-service method, which makes for increased efficiency and more profits per employee.

In this vast transition in retail selling habits, one thing is certain: it won't be smooth sailing all over, all of the time. But there is abundant proof that across-the-counter selling will never be the same again.

Shopping centers of today are finding it profitable, like the old-style general store of frontier days, to provide customers with the widest possible variety of merchandise. Today's buyers want to shop with speed; they want to buy as much as they can in one place—and at competition-tested prices. ■

Deck the Halls—

IT'S TIME for that song about "boughs of holly."

With impudent red berries clamoring for attention, Christmas holly calls up a swarm of inherited images and feelings.

Centuries ago, Teutonic bear-hunters in winter forests venerated the barbed and glossy-green plant. It was a sign that Nature's pulse still beat beneath the frozen earth. The tribesmen trimmed their huts with holly branches to welcome the return of the life-renewing sun after a winter's absence. Pagan priests of the British Isles also hung holly to attract the "spirits of the woods" and keep them nearby until spring.

The Romans, too, decked their temples with sprays and wreaths from the holly tree during December festivals in honor of Saturn, god of seed-sowing. Not to appear conspicuous among the Romans, the early Christians adopted holly for their own secret celebrations. It was said that Christ's crown of thorns had been formed of holly branches, causing the tree to be called "Christdorn" in German. In English, the "holy tree" came to be called simply "holly."

When most of our ancestors still lived in rural villages, annual custom sent groups of young people gaily into the woods to cut basketfuls of holly. Today most of us would have to do without the Christmas holly wreath if it weren't for the holly farmers of Oregon and Washington.

At least 90 percent of our true English holly comes from these two Northwestern states. In November and early December, cuttings are collected by shippers, sorted and packed in ten-pound cartons. Mostly by refrigerated railway express, more than 50,000 of these cartons speed to about 2000 wholesalers and thence to thousands of nurserymen and florists all over the country.

But when the ribboned, sharp-tipped holly wreath scratches gently against the window-pane in December, it is the same holly old-time villagers gathered . . . the same green holly in an unbroken line of Christmases.

Savings At Work

Building Industry, Making Jobs

One of the most effective ways to take savings out of moth balls and put them to work for us is to buy stocks and bonds. More and more people are doing this nowadays. Here is how stocks originate, how they are bought and sold, and how they work for our economic well-being. Take the case of the fellow above, who makes oil drums. His business is going strong, and he is getting more orders than he can fill. So he wants to expand . . .

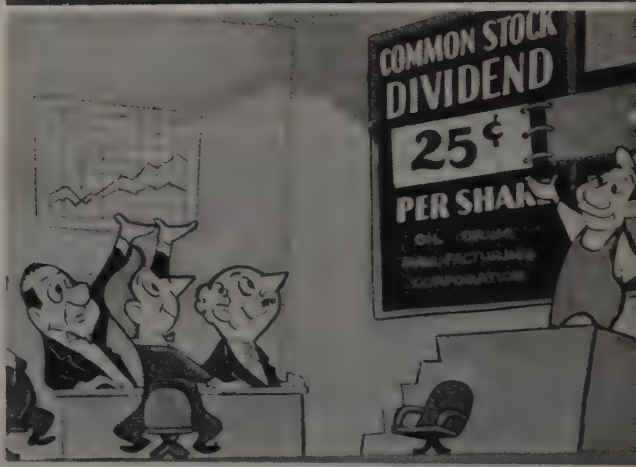
1. He decides to sell shares in his business to raise money. Laying his plans before an investment banker, he convinces him the company is a good risk . . .

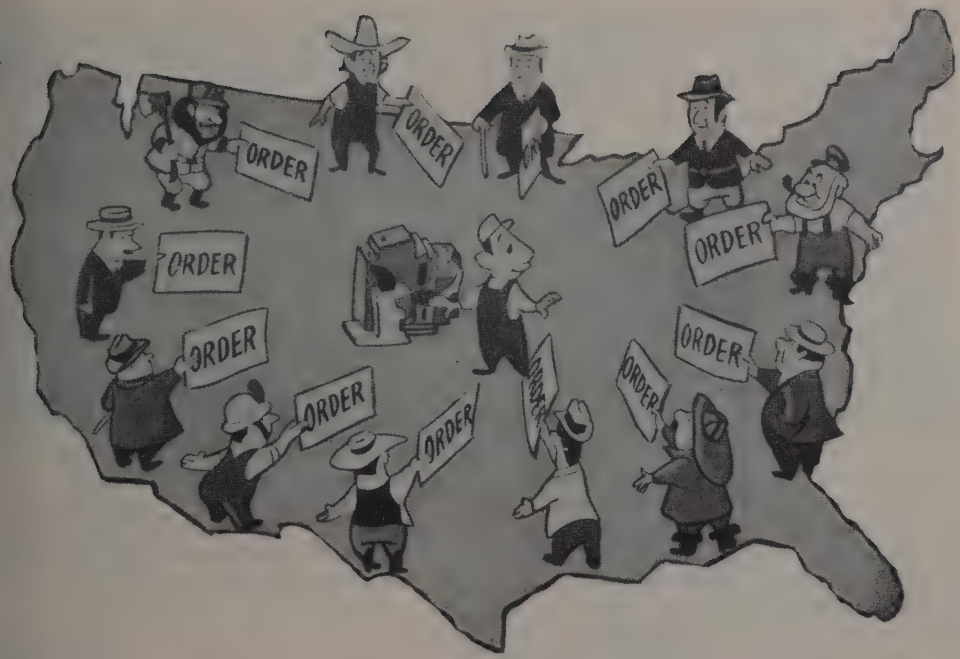
2. They register with the Securities and Exchange Commission, which provides that any false statements about the stock issue would be punishable by law.

3. The SEC having registered the issue, the investment banker pays the manufacturer what he needs ($3 million) in exchange for a number of shares in the new corporation. The banker sells these to people at a price which returns his investment of $3 million—and pays him a profit for his services. The manufacturer then builds a bigger plant, makes more and better oil drums, and thereby employs more workers . . .

4. The stockholders elect the corporation's directors, who represent the interest of the stockholders and are responsible for the operation of the business . . .

5. The directors also determine the amount of dividends to be paid out of earnings. The stockholders, after all, expect a return on their money so that they can buy what they need . . .

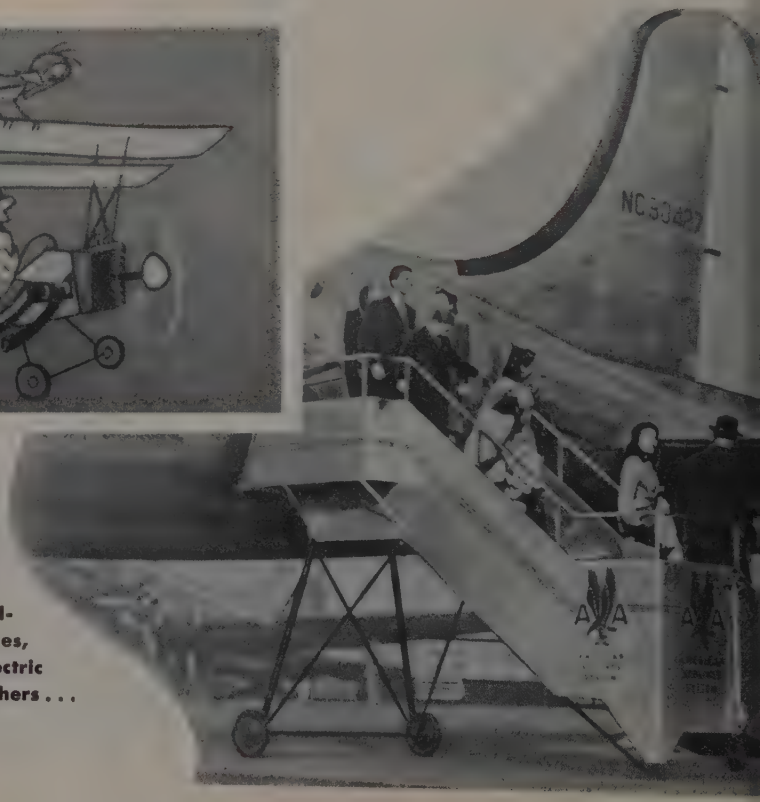




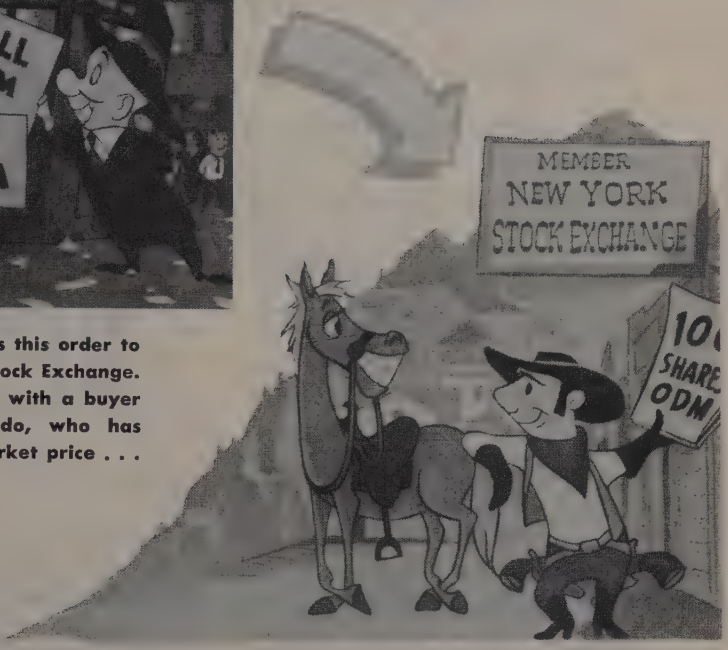
6. The Company prospers. Orders pour in from all over, exceeding production again. Seeking to expand further, the company decides to apply for listing of its stock with the New York Stock Exchange. This will make it easy for investors everywhere to buy its stock at any time. But first the corporation must undergo a detailed study of its assets, ownership, management, sales and earnings by the Exchange. In addition, it must meet federal, state and city regulations . . .

7. Approved for listing on the Exchange, the corporation's name joins those of other firms. Stock quotations flash across the country with every transaction. Stocks are traded back and forth...

8. In Maine, a stockholder of the corporation wants to sell his 100 shares, if he can, at $10 each, the last market price. He tells his local broker, a member of the New York Stock Exchange...



10. Upon the fuel of personal savings piped to them by stock purchases, our every major industry has grown—railroads, autos, airplanes, farm machinery, electric power and many others...



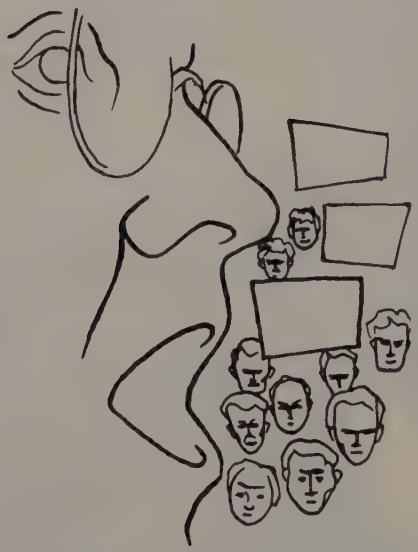
9. The Maine broker wires this order to his floor partner at the Stock Exchange. This man arranges a sale with a buyer for a broker in Colorado, who has been seeking the last market price . . .

WE CAN EXPECT that as savings continue to be put to work in this way, labor and management will continue to build new tools, laboratories and plants.

New producers will throw open their doors while established ones modernize. We can expect many expanding corporations to extend roots into communities previously outside our concentrations of industrial development. Entirely new industries, based upon recent scientific findings, will grow.

More products to make life better will flow from assembly lines. Jobs will continue to open up for the hundreds of thousands of young people who seek employment every year. And, in the event of war, this industrial expansion is probably our greatest protection.

(This story is adapted from the motion picture, "What Makes Us Tick," produced for the New York Stock Exchange by John Sutherland Productions, Inc.)



PATTERN FOR SOCIAL REFORM

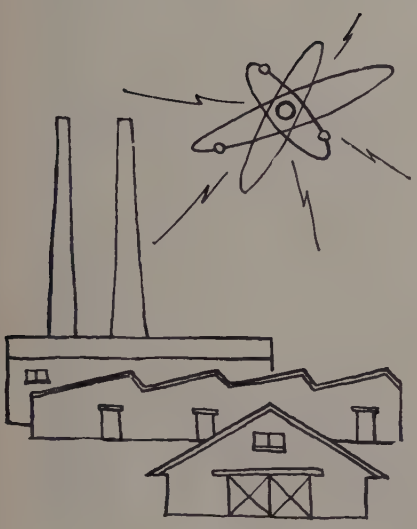
By Harold Brayman

ABOUT seventy-five years ago a black-haired, determined-looking woman stomped firmly down the main street of Rochester at the head of a column of militant-looking females. Above her a placard read: "More Rights for Women." Trailing hers were other banners demanding more leisure, voting power, and other reforms on behalf of American womanhood.

At the same time, in a midwestern city, an engineer was testing a miniature electric motor—a motor that would one day find its way into washing machines, refrigerators, vacuum cleaners, and other household appliances.

The clamor for women's "rights" in America was headed by a celebrated personality named Susan B. Anthony. Her efforts met with relatively ineffective public response during her own lifetime. But the anonymous engineer contributed actively to taking the load off women's backs . . . giving them more leisure, better opportunities to take their place in politics, in industry, in professions, time to enjoy their children and their home.

Reformers may stir up an



How important is the work of a scientist or inventor compared to the achievements of a "fighter" for reform?

"awareness" in society and they are often earnest, sincere workers for the betterment of mankind. But it is the scientist and the laboratory technician, the researcher and production engineer who have delivered women (and men too) from long hours, much tedious toil, the pressures of many daily chores.

Can you imagine a woman today sitting down and laying plans to make a dress which would be complete in time for the Easter Parade, 1954?

This was the lot of the Eighteenth Century housewife who was obliged to sit at her spinning wheel turning flax into yarn, weave the yarn into cloth on a home loom, dye it in a kettle and laboriously fashion clothes for herself and her family. The making of a single dress by these limited methods just two centuries ago would take a woman fifty-six hours, and she had to plan for it *sixteen months in advance.*

The transformation that has come about since those days is not the result of agitation or passing laws. That has not been the true formula for reform. The fact is that the real authors of emancipated womanhood were not Amelia Bloomer, Lucy Stone and Susan B. Anthony, but inventors like Eli Whitney, James Hargreaves and Richard Arkwright.

Fortunately, Whitney's device made it possible to use the short-staple cotton that grew in the South, and made it available to everyone. In ten years following

its introduction, annual cotton production in this country jumped from five million to fifty million pounds. Arkwright's and Hargreaves' inventions took the chore of spinning and weaving cloth out of the home, and laid the foundation for the great modern textile industry. This released women from one of their most time-consuming and fatiguing efforts and gave them the leisure to consider their rights as citizens.

Numerous other examples, equally dramatic, exist. These examples tend to prove that the force behind progress lies in a direction often overlooked. This force is *technology*. Technology, based on invention, development and industrial enterprise, has been the real engineer of social reform.

Not long ago Dr. Allan Nevins, the distinguished Columbia University historian, and twice Pulitzer Prize winner, pointed out that the writers of history have neglected the role of the industrial leaders, with the result that industrial achievements are frequently misinterpreted. Those that are often given credit for popular social readjustments are in fact simply those who came along well behind the parade and took the bows when the leaders passed on.

Also, as Professor Nevins says, many writers and historians have been apologetic about our material progress, and have seemed to feel that our standard of living was somehow in opposition to the moral or cultural values. Sometimes it is even said that we Americans are not much different from the Communists in our preoccupation with economic cause and effect.

The Marxists do argue that the fundamental factor in society is its economic structure. But the difference lies in the element of personal freedom which we, and not they, take for granted. In other words, private business initiative developed and prospered in England, and later here, because individual liberty had already been established.

Private initiative avoided Asia and Eastern Europe because there individual liberty did not exist. So when we talk about the material development here, we presume that certain conditions prevail. Our elevated standard of living is not an alternative to a superior spiritual society, it is the result.

Beyond that, the American standard of living is not measured solely in terms of more shoes, more houses or more electric mayonnaise mixers, although they cannot be discounted in the reckoning. We are the only country in the world where the official Consumer Price Index, covering the "cost of living" could list such

items as television sets, group hospitalization contracts and beauty-parlor services.

But our standard is composed also of more leisure, more opportunity for culture and education, better health, improved standards of care for the very young and for the aged. It takes into account the humanitarian aspects that, statistically, we translate into terms of hospital beds, medical research projects and help to the handicapped.

If we excel in steel tonnage, we we are also known for our schools, parks and playgrounds, libraries, art museums, theaters and symphony orchestras. If we are tops in electric refrigerators, we are tops also in college attendance, book publication and contributions to welfare institutions. The total investment in educational facilities in this country, for example, is so large that only six nations in the world have a total wealth exceeding what we make available for the schooling of our youngsters.

We support more than a quarter of a million church congregations, spread among over 250 different denominations. We have 82 million church members, and membership is increasing faster than the population. If our morals as a nation sometimes sag, it is our moral indignation that exposes the offenders.

Those who criticize us for taking too materialistic a view of life frequently lose sight of the fact that our social and cultural, and even our spiritual gains, must derive in large part from our capacity to pay the costs.

The peasant who barely ekes out a living for his family may be a worthy man in all respects, but his capacity to assist his neighbor consists primarily of exchanged labor, as when each helps the other with the harvest. Only as his own lot improves has he the means to offer aid. The Asiatic coolie, bearing his heavy burdens for a few handfuls of rice, acquires in time an indifference to human suffering that by our standards is shocking.

The Eskimo, who teaches his toddling son how to help supply the family's meager food, and who leaves his aged parent out on the ice when he can no longer do his share, simply follows the dictates of necessity.

SO WHEN we come down to it, we have progressed as a nation through the practical notion of first things first. We build the house before we invite the neighbors in for a housewarming. Unfortunately, we tend to lose sight of this fact in retrospect, so that the business enterpriser, the production genius and even the scientist who have furthered our prog-

The Idealists

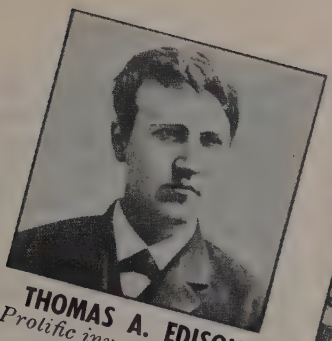
ress are often remembered less favorably than those who have had eloquent things to say about it later on. Quiz participants on the television shows have trouble identifying Eli Terry, Cyrus McCormick and John Deere, though the accomplishments of those men revolutionized our lives.

We are, perhaps, still a little bewildered by the speed of our own development, and, as Dr. Nevins implies, perhaps somehow a little ashamed of it.

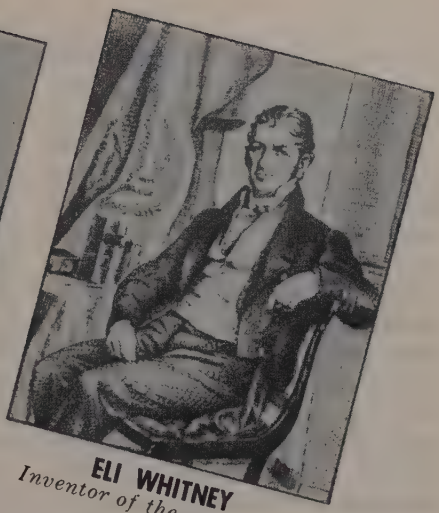
The fact is that business, frankly out for a financial reward, is no less public-minded than the social planner. Business, even more than the political leader, desires a full and rich abundance for all people, if only because that is the condition best suited to its own prosperity.

None of our great social advances would have been possible at all if our dynamic economic development had not supplied the means. Laws, of course, play a part in our society, and an important part. But laws can simply codify and formalize conditions which have been effected by other methods; reform comes only when the tools are at hand.

Many examples prove this formula. The question of the hours and conditions of labor is one. Working hours in industry were once the same as those on the farm—dawn to dusk. Mill workers used to work thirteen to fifteen hours a day. Even in the early



THOMAS A. EDISON
Prolific inventive genius



ELI WHITNEY
Inventor of the cotton gin

The Realists

Twenties, the twelve-hour day and the eighty-four-hour week still survived in some industries.

Today we work eight hours a day, five days a week. Yet, despite a century-long record of discussion on reduced working hours, the truth is, as Herbert Hoover points out in his autobiography, that the eight-hour day became a reality without the aid of a single law (except for the Adamson Act covering railway workers). Long before, some industries, such as steel, had urged it upon their employees, only to have the workers reject the proposal on grounds that it meant "sharing the work."

The fact is, of course, that the men realized that we could not have an eight-hour day until we could produce more goods. As machine power increased, output per worker went up and leisure time was to come as a well-earned result. If it had been adopted, let us say as law, in 1900, the productive capacity of the country would have been reduced to almost 1850 levels; and it is doubtful that we would ever have regained our strength.

Fortunately, we didn't try to accomplish our objective that way. We went at it by increasing our investment in tools and equipment, and in methods and processes. Between 1900 and 1950, for example, we almost tripled our use of machine power, and we were rewarded with a gain of more than triple in output of goods per

hour. So the decline from sixty hours to forty hours a week was a natural dividend of progress.

For thousands of years, farming was done chiefly by peasants, serfs and slaves. And their methods in 1800 A. D. had been substantially unchanged since the times of the Babylonian ruler, Nebuchadnezzar, who lived more than two thousand years ago. When this country was founded, it took nine people on the farm to feed themselves plus one city dweller. Today, in contrast, one man on a farm feeds himself, four city people and one person overseas.

In the inventive environment of the early 1800s, change came to the farm in the shape of new tools. One was the iron and later the steel plow, which opened up whole new acreages formerly lying fallow. The reaper was invented in 1830, replacing the laborious practice of cutting grain with a scythe. In that year, the human labor factor required to produce one bushel of grain was three hours and thirty minutes; by 1896, this had fallen to ten minutes.

The gasoline age saw the tractor become as important to the farm as the south meadow, and mechanization proceeded to every chore, from milking the cows to trimming the lawn. Today's farmer is indistinguishable from any other businessman, and bears little resemblance to the cartoonist's picture of the hay-chewing rustic.

We often hear that the farmers are the beneficiaries of an active lobby and that their favor is regarded lovingly by political candidates, and so it is. But it is for you to decide whether the farmer's advancement has been due to laws, legislation or bold speeches in Congress, or to the invention and development that today enable a single tractor to plow ten acres of land in a single day—as much as an Eighteenth Century settler could handle in months of hard, crushing toil.

The social changes brought about by the automobile, as another example, have been enormous. People who formerly spent their entire lives in a single community now circulate all over the country—sectional barriers have long since disappeared.

In the War between the States, it was estimated that not one combatant in a hundred on either side had ever been outside his own county, much less a visitor in the territory of the opposing forces. Today it seems inconceivable that North and South should regard themselves as separate nations, with Virginians summering in Maine, New Yorkers touring the Great Smokies in October, and

Pennsylvanians vacationing at Miami or Sea Island. No statecraft, no oratory, no legislation, could achieve this singleness of purpose half as well as has the steering wheel on the family car.

Lives everywhere have been enriched and enlarged by the automobile in a manner impossible to achieve through law. The wonders and attractions of the big city are available to the remote farm; the peace and beauty of the country are there for all to enjoy. We have acquired fuller understanding of each other, greater tolerance of different races and creeds, a broadened national viewpoint.

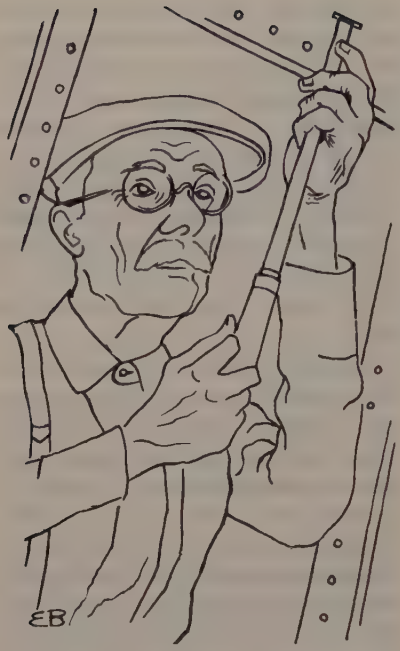
Invention, development, new ways of life, higher living standards for everyone—that is the cycle.

Our standard of living is, after all, no mysterious blessing from on high. It is the simple arithmetic of dividing the quantity of goods available by the quantity of productive effort going into it. The quotient is the measure of the living standard. When we increase the supply of goods in its relation to productive time, we obviously step up our scale of living.

This is a fact as elementary to everyday life as the price tag on Junior's new shoes, yet we are often confused about it because the value of our money changes. If we put it in terms of working time, it is easier to understand. If the family bread-winner, for example, has been exchanging ten hours of work each month for clothing for his wife, and a new development reduces the net cost by two hours a month, the savings become available to the family, either for something else, for better quality selections or for more clothing. There is little doubt as to what direction the savings will take.

This is the way our standard of living has advanced. Every improvement contributing to our ease, comfort and convenience has had its origin in our industrial development. We have, in this country, brought the benefits of that development to every home. Strange as it may seem, our venturing, risk-taking economy has brought an economic advance to our people which is the envy of socialists the world over.

Our working population of sixty million, for instance supports a pre-working school population of nearly nine millions and a retired population of about four millions. In many other countries boys leave school early and men must work until they literally drop in their tracks. Our standard workday of eight hours was first suggested in a book published about 1500, written by Sir Thomas More. The title of the book was *Utopia* — which translated from the Greek means "nowhere." ■



Can You Retire

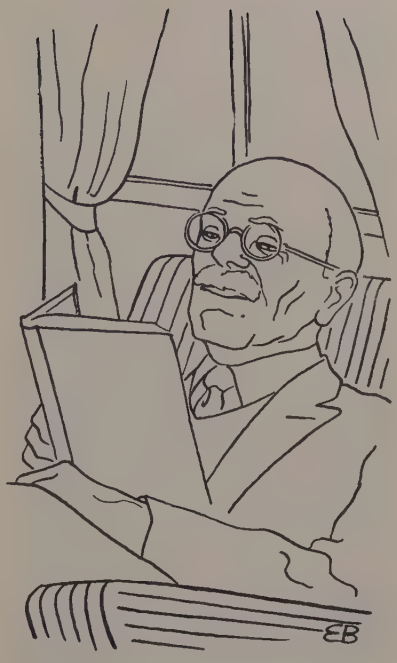
Aging is an individual process, and every man must make his personal adjustment to it. But when tens of millions of people reach the category we refer to as "old," the personal problems of these individuals become a matter of national concern. The maintenance of a strong economy and the development of sound national attitudes toward retirement are matters we must face today—if tomorrow is to bring any security to the old, or young, for that matter.—ED.

ALTHOUGH Uncle Sam sports the grey beard and white hair of an elderly gentleman, Americans tend to think of themselves as a youthful nation. Our hopes, policies and goals are those of a nation young in years and outlook. But with twelve million Americans now over sixty-five and twenty-four million expected to be living past that age in 1980, the time has come to think about what this developing "national maturity" means to us —individually and as a nation.

Until fairly recent years, scant attention was paid to retirement plans, pension funds and the problems of the aged. As late as the turn of the century, the phrase "he died with his boots on" was still used to describe a happy and fitting end to a life well-spent. In an economy that was straining itself to reach full productivity, everyone had to work hard to keep things going. The average man expected a long working life, just as he expected long working hours.

In spite of humanitarian ideals, the reservoir of national wealth

at Sixty-five?



was simply not great enough fifty years ago to allow for the comfort of a large elderly population. Moreover in 1900 the average life expectancy was only forty years. The problem of retirement could not be too pressing under such circumstances. In 1952 the picture is far different. Our average life span is sixty-eight years, and the worker who retires at sixty-five can look ahead to another ten years of "leisure." The notion that everyone should retire at sixty-five — subsidized either by private or public pension funds— has become one of our American ideals.

But is retirement the best way to assure the older worker of happiness and security, and is it the wisest program for the nation as a whole? We have gone on believing in automatic retirement without ever stopping to count the cost. As the number of people over sixty-five doubles in the next thirty years, we may find that, with the best of intentions, we are actually wasting some of our best human resources.

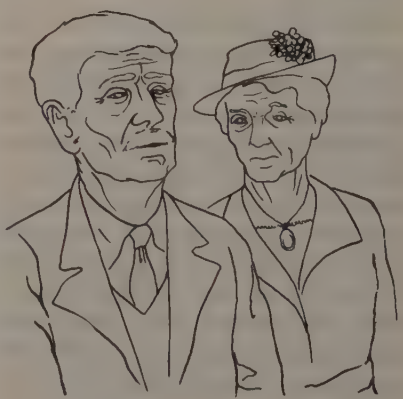
The first question we must ask ourselves is how the worker himself feels about putting a deadline on his activities. Does he look forward to an old age of leisure, or does he dread the approaching years of idleness and non-productivity? If organized labor can be considered his spokesman, he wants to stay on the job. Most unions have abandoned their previous demand for automatic retirement and are now pressuring for a semi-voluntary plan of letting the worker himself decide when he is ready to quit— or at least making employers use

ability, not age, as the basis for retirement.

Studies by the Metropolitan Life Insurance Company tell the same story. In spite of the multitude and variety of pension plans, 56 percent of men from sixty-five to sixty-nine are still working, and 40 percent of those from seventy to seventy-four are still gainfully employed. These figures are confirmed by government surveys of retired workers receiving federal Old-Age and Survivors Insurance pensions. Eligible for benefits at sixty-five, their average retirement age was sixty-nine, and only 5 percent left their jobs voluntarily.

Some of those who cling tenaciously to their jobs, long after sixty-five, are high-salaried executives, whose retirement would hardly put them out of house and home. But for the average worker, financial pressures play a large part in his decision to stay on the job. Whether or not a man desires leisure, the plain, bread-and-butter facts of life make many of retirement age anxious to keep on working. Victims, like the rest of us, of the inflationary spiral, they need their weekly wages for the necessities of life. The dollars saved in the Thirties and Forties are totally inadequate to meet today's prices. The annuities purchased twenty years ago have scarcely the buying power to provide for a modestly comfortable old age and certainly cannot finance the trips and vacations advertised so enthusiastically by those who promote retirement plans. As for the couple depending on a government old-age pension, their benefits, plus allowed outside earnings, are well below the subsistence level of $1800, as set for them by the Bureau of Labor Statistics.

But statistics give only part of the story. A more thoroughgoing analysis of attitudes toward retirement is to be found in the many psychological studies of the problems of the aged. Time and again, they have shown that the most important factor that keeps men from retiring is not money but the American worship of youth. It is the myth that youth



contains the "best years of our lives" and that a man too old to work is ready for the trash heap that has made many older workers resist retirement.

Faced with the prospect of leaving jobs to which they have devoted their adult lives, many workers feel that they have become useless; that they will be restricted to a "women's world;" and that youth, the greatest prize of all, has finally escaped them. Far from looking forward to the leisure and rest of the autumn years, they deny that they are even approaching such a period. When forced to retire at sixty-five, these men are often unable to find new activities and goals. They become abjectly unhappy and often develop physical ailments which would not have occurred if they were still working.

Because of these problems, government, management and medical authorities are belatedly trying to help these men and women adjust to their new lives. But such counseling is, at best, only a surface remedy. Clinics dealing exclusively with the problems of the aged, hobby and recreational programs, and adequate pension benefits still fail to keep a great number of retired men happy. Many regard hobbies as silly "kid stuff," feel that non-gainful activity is a waste of time, and confuse pension benefits with charity. Automatic retirement of these people at sixty-five, however well-meant, is often foolish and cruel.

But is retirement only a problem for the individual worker? Or is it also wasteful for the nation as a whole? Although there are practical and benevolent reasons for making sixty-five the mandatory retirement age, a nation with a growing group of oldsters should stop to consider how closely this thinking approaches reality, and ask itself whether removing the aging worker from our labor force helps keep up the vitality of our industries or actually acts as a dead weight on our economy.

One of the main arguments for retiring the older worker is that removing him from the labor market creates more jobs for the younger worker. Valid during the depression when jobs were scarce, this reasoning is now outmoded. Not only during the war when the labor force was depleted, but also in the subsequent boom years, our expanding economy has been absorbing as many workers as have the inclination to find jobs.

The second line of argument—that older workers decrease industrial efficiency—cannot be answered so easily. In many cases, it is true that the physical toll taken by the years incapacitates

a man for certain types of labor and alters his mental activity. However, the same forces that have boosted life expectancy in the half-century since sixty-five was fixed on as the proper age for retirement have also improved biological efficiency. Today's sixty-five-year-old is in the same shape he would have been at fifty a generation ago.

In addition, while the fires of youth may pass with the years, this is often more than compensated for by the virtues of maturity. Mental activity at seventy is not the same as it is at twenty, but it contains the added elements of experience and wisdom. In general it measures up to tne standard of mental activity at thirty-five—a point vividly illustrated by the long list of septe- and octogenarians still vigorously making the headlines. To mention only a few, Arturo Toscanini, 84, and Grandma Moses, 92, are both contributing actively to American culture; while the years have done little to still the voices of Alben Barkley, 75, John L. Lewis, 72, and Douglas MacArthur, 72.

What holds true for the famous is also valid for the everyday citizen. Surveys indicate that older workers tend to stay with their jobs longer than their juniors and that absenteeism is greater among the younger men. Both facts can be attributed to the greater stability and maturity of the older worker. In addition, the older group has a better record when it comes to disabling illnesses and injuries. Almost half of the working members of the sixty-five to seventy-four age group are not affected by any chronic disability.

Because the conditions which made sixty-five a sensible age for retirement have been outdated, the country now faces a serious economic problem. With the gap between retirement and death constantly lengthening, 10 percent of the population will not be employed by 1960, even though they are necessary and capable additions to the labor force. Not only will the man-hours represented by these idle hands be lost, but the remaining 60 percent of the population between the ages of twenty and sixty-five will have to work harder to replace them. Millions of people will consume but not produce; spend money but not earn it; live off their reserves rather than build for the future. In an age when full production is seen as the key to prosperity, these non-productive citizens will be a drain on the national wealth.

The picture, however, need not be wholly dark. One of the ways in which the nation is trying to prepare itself against a total economic loss is by the Social Security program, which at least allows the worker to help build up his own reserve against old age. By contributing a small percentage of his income to the federal Old-Age and Survivors Insurance program during his working lifetime, with a like contribution by his employer, the worker earns and produces *in advance* for the benefits that will help to support him after he retires. Furthermore, the existence of this large group of individuals, with a guaranteed income, acts as a cushion against depression since it means that one section of the population will always provide a steady demand for consumer goods.

Unfortunately, the structure of the Social Security program is not as rosy as it would seem. At first glance the program seems to be in fine shape: income is presently close to $4.1 billion a year and payments currently amount to only $2.3 billion. Even though benefit payments will steadily increase, the surplus of inflow over outflow will continue until the year 2000.

But the crux of the matter lies in the way this surplus is being handled. Building up a full reserve fund capable of paying benefits from interest alone would require $600 billion — an impossibly large amount. Therefore, instead of building up a reserve fund, the money left over in the Social Security kitty after benefits have been paid out is *loaned* to the federal government in order to help cover current national expenses. In other words, the excess Social Security money is handled as though it were additional tax money.

Therefore, if the Treasury does not have funds with which to pay back the Social Security program, it must borrow the money from private sources. Thus, instead of clearing its debt to the Social Security fund, the Treasury simply "borrows from Peter to pay Paul." And this is how the Social Security program has been operating thus far. This means that the increasing number of people who reach the age of sixty-five are not really saving to "pay their way" during retirement. The burden of supporting them still falls on the taxpayers of the future.

Moreover, security for our older citizens is not only a problem of

providing them with money to spend after they have retired. It is also a problem of constantly investing *now* to increase our future productivity per worker. This is the only way to make sure that "retirement money" will find sufficient goods to buy in the future when a larger proportion of the total population will no longer be engaged in *productive* activities.

WHAT, then, is the answer to all this? Can the necessary income for national well-being be produced by a labor force limited to those under sixty-five? Or will an increasingly top-heavy population curve necessitate more and more borrowing against future income? Clearly, the first step is to see that the programs we have—such as Social Security—are administrated realistically. But that is only a small part of a broad national problem.

On the one side stand the figures—a growing number of individuals living an increasing number of years after sixty-five as compared to the shrinking proportion of the population engaged in productive activity. On the other side, is the history of a technologically expanding economy which has steadily raised our standard of living, while decreasing the workweek to a point which would have been considered semi-retirement fifty years ago. The big question remains — in what ways must we increase our national production to keep our standard of living high and at the same time support an increasing number of non-productive people? Can this be done?

One answer is that the healthy, hale sixty-five-year-old who *wants* to continue working should not be forced to retire. The daily newspapers often carry items about the ways in which our older citizens have helped themselves. They tell that a West Coast college has acquired a top-notch faculty by hiring professors retired from the staffs of other leading universities; that a management consultant firm formed by retired corporation executives is doing a rush business in New Jersey; that retired auto workers in Detroit have organized a union which they hope to affiliate with the United Auto Workers.

These, however, are only signs of the times, and there is much more to be done. Already a growing realization that the older worker is an economic asset is reflected by the current campaign to encourage the hiring of elderly people. National interest in finding occupations where older workers can be used to great advantage will contribute to the expansion of the economy and to the happiness of many individuals past retirement age. ■

A Businessman Looks at His Place in the Community

By Clarence B. Randall
President, Inland Steel Company

SKILLED leadership within the business and industrial organization is not enough of a role for the modern exponent of free enterprise. We can increase production, and that the free world needs desperately. But increasing production will not solve the social problems that threaten to destroy the very system of production upon which our national welfare depends. Our blind spot as businessmen is our failure to sense compelling personal responsibility for the perpetuation of that system, our naive belief that we have done our part when we break the production records, and that we may leave to others the defense of free enterprise. But there are no "others." We are the "others." Christianity was not carried to the heathen by atheists, nor communism to the satellite countries by capitalists.

Specifically, the rather grim fact is that the American businessman is no longer the natural leader in his community. His father and grandfather were. They cut the forest, broke the prairie to the plow, and built crude forges to make iron; but they also hewed with their own hands the timbers

for the village church, and set aside "Section 16" in every township for the school. The miracle of production had not yet wrought its hypnosis on the minds of men to whom God gave the gift of leadership, and they knew that the welfare of all was the responsibility of each. We have far outstripped our predecessors in tons per man, but we are unworthy sons in terms of civic consciousness. How vast and immediate would be the enhancement of our prestige if every industrial leader who breaks a production record could also be pointed to as the man who broke a record in character forming, better schools, and better politics.

The means by which we can do this are at hand, even in the great metropolitan areas. Take the Community Chest, for example, or as we call it in Chicago, the Community Fund. Can any accomplishment of our technology surpass in significance this unique American invention for the relief of human want and despair? When industry faces up to its obligations to the social agencies, it recognizes that social problems are here to stay, that hereafter there will be no social vacuums, and that either we will meet the needs of our communities in forthright fashion by voluntary efforts, or government will step in, thus marching us another long step down the road toward socialism and the ultimate extinguishment of free enterprise. We cannot pursue our own interests and ignore those of others, for if we turn our backs on the community, it will shortly turn its back on us.

All of this is clearly perceived by any large company which moves into a remote area to build a new plant. Workmen must be attracted, and the personnel manager is keenly sensitive to the fact that no proud American who has the required skills will move his family out into the sticks where they must live under subnormal conditions, just for money. So the company lays out an attractive town site, builds modern homes, and sets about seeing that there are schools and hospitals and churches, and all the things

that make for good living. But when the same social needs are concealed beneath the drabness and impersonal vastness of a great city, not so many corporate executives have the imagination and character to sense a direct necessity for effort on their part with respect to the hidden distress. Let a frail and elderly lady fall to the sidewalk on a busy street, and ten men in that block will rush to her aid. If she is obviously in want, there is sure to be one who will take her home in a cab—and as he leaves, he will press a ten dollar bill in her hand, his heart warm for the rest of the day because of what he has done. But ask this same man to solicit a contribution from neighboring firms on behalf of the Community Fund so that all frail and elderly women in that great city who are in want may have a ten dollar bill pressed into their hands by a trained social worker, and he may put it off for a week—or perhaps not do it at all.

But for this the personal activity of the executive is required. Community responsibility cannot be delegated. The executive cannot hire someone to be a good neighbor for him. It is a job for every man himself, at every echelon of authority, if people are to be persuaded that we think free enterprise really makes their lives better. They want to hear

from us, not our agent. When we businessmen tell ourselves that we are too busy and too important to do these things personally, and when we ask someone on our staff to do them for us, that staff member knows we have ducked. He will then duck too, doing just as little as he can without getting caught. And once a company gets the reputation of ducking its community responsibilities, no one will listen to its officers when they pound the table and say that free enterprise must be saved. *Actions still speak louder than words.*

WHAT about corporate giving, the direct money contributions from business organizations to the voluntary agencies for advancement of the welfare of society? I hold the deep conviction, of course, that the meeting of the social needs of the community is a proper charge to the cost of pro-

duction. It is not charity, but the acceptance of responsibility.

Time was when corporation lawyers wrote profound legal opinions to the effect that a gift to a hospital, or a library, or a college was *ultra vires* — beyond the powers of the board of directors as expressed in the corporate charter. But a most wholesome upsurge of public opinion with regard to this important subject is fast breaking down that barrier. How can it be *ultra vires* for a corporation to strive to preserve the form of society which alone makes possible the continuation of the business? It used to be said that it was not for the board to decide how the stockholders should dispose of their money, but what little sense that made. It might just as well be said that the board ought not to repair broken machinery because it was the stockholders' money.

Another question on which the businessman who hopes to have prestige in the community must assert leadership is the integration of minority groups into the working forces. Straight thinking and a cool head are required here, but I hold the view that we have magnified the problem into something that appears to be far more formidable than it really is. With the matter reduced to its simplest terms, it would seem to be clear that merit should be the sole test for employment and for promotion. As between two candidates, the best man should always get the job if low-cost production is our goal. Ability is not a function of color.

The way to integrate is to *integrate*, and it is surprising how easily it can be done when we really try.

I am not sure that legislation has helped in those states where it has been attempted. Such laws are directed at the employer, and enforcement is attempted through hiring policy. But I do not recall having heard of a law making it a misdemeanor for a white man to refuse to work alongside a Negro, or the converse. On the other hand, in support of laws, I would have to admit, to our shame, that sometimes we businessmen only do things after laws have been passed which all along we have known were right but have never put into practice until the law required that we do.

There is another whole category of subjects where what should have been done as a matter of conscience has been forced upon us by law. I mean pollution of air and water, noise, traffic congestion, and all the other controllable nuisances which we have imposed upon our long-suffering neighbors. I am as impatient as the next man about captious criticism, for heavy production cannot be carried on in

SANCO

a vacuum, and a certain amount of inconvenience must be tolerated if we are to get ahead with the job. But to go on doing something we know we can stop just because we can get away with it is not playing fair with the public. When the public hits back, it is no wonder that it hits hard. Integrity is the basis of confidence; and how can we expect the public to care what our economic views are so long as we pump raw sewage or smelly liquids into the lake or river from which they draw their drinking water?

NOISE is another sore spot, and one to which we have applied very little of our vaunted technological genius. We sound-proof our own offices to soften the click of our secretary's electric typewriter; but who is to sound-proof the home of the young mother down the street from our plant whose baby wakes whenever our whistle blows? That mother cares far more about the curly head in the crib than about who is spending our taxes. We can speak a thousand truths about taxes, but she won't listen to us.

And what about housing? Here is a problem that would try men's souls, and most of us have been walking out on it for a long, long time, particularly in the large cities. We jump in our cars at the end of the day and drive to our suburb, proud to tell the little woman of how the plant broke its shipping record that day, unmindful of the gradual deterioration that is taking place in living conditions in the area around the plant from which our normal labor supply should come. Eventually, and imperceptibly, a process of strangulation begins. The personnel manager reports an increasing number of work force requisitions unfilled, and comments that skilled and responsible men are especially hard to get. But still we may be blind to cause and effect. Actually, if the plant is an older one, the city has grown away from it. What used to be a residential section is now heavily industrialized so that the houses which remain are in unpleasant surroundings, and subjected to the industrial noise, dirt, and danger which do not make for good living. The new plants of the area are being

built out on the edge of the city where the ambitious young man just starting his family can have fresh air and good schools and churches for his children. He forsakes the older industrial area and signs on with the new, and the old tends to get only those workers who are rejected by the new.

THIS is a serious problem for many of the older companies today, and they are driven by sheer self-interest to make up for their years of deficit in community cooperation. But what to do about housing is most baffling. One thing is certain: it is not wise for the employer suddenly to appropriate a large sum of capital and build houses for rental. There are enough sources of friction in the relationship of employer and employee already without adding that of landlord and tenant. And if we wish to reverse the trend toward looking to others for security in life, we should begin by encouraging the worker to own his own home. Pride in ownership is an essential part of pride in America and pride in the way of life we are seeking to preserve; and we must have no part in breaking that down.

There are many things we can do, however, to stimulate the grass-roots desire for neighborhood improvement which can always be found in every community. For example, we can employ consultants to lay out a suggested master plan for the area to the end that earlier mistakes will not be repeated. We can make capital available by way of loan for the building of homes, although that is seldom necessary nowadays when so many lending agencies are seeking sound investments. It is know-how that is needed, and above all the radiant quality of leadership.

And so one could go on touching on other phases of the relationship between the businessman and his community, but it seems abundantly clear that we cannot influence public opinion by production alone. People around us will respect us if we show consideration for their welfare and share their problems; they will most certainly ignore us if we do not. ■

"A Businessman Looks at His Place in the Community" is the concluding section of a two-part article by Mr. Clarence B. Randall. The first half, entitled "A Businessman Looks at Free Enterprise," appeared in our November issue. As long as supply permits, we shall be pleased to provide the first section of Randall's article to those who missed it.

The Wytheville Story

How a Virginia community licked two of Nature's scourges — alone

By James A. Williams

ON A summer's day in 1950, a group of anxious people stood in front of a bulletin board outside the office of Wythe County's newspaper, the Southwest Virginia *Enterprise*. Every three hours of the day and night the bulletin board carried the cold statistical figures which traced the rampaging course of that invisible crippler—polio.

Even while our people saw their friends and loved ones struck down without warning, a grim calmness prevailed. Wytheville's people fell back on their own reservoir of courage. What started as individual attempts to do something about the situation gradually snowballed into community action.

Farmers, townspeople, physicians, civic leaders, the newspaper —all joined forces in a giant mutual aid program. Neighbors, friends and acquaintances pooled their resources. Money was raised to supplement the contributions of the National Foundation for Infantile Paralysis.

A "chins up" spirit caught on everywhere. Even the merchants, who expected no business whatsoever, kept their stores open, primarily for the sake of morale. Although thousands of dollars were lost in sales and Wytheville's business firms found their shelves creaking with over-stocked summer goods, there was not a single instance where a hue and cry was set up for outside aid. People drew their strength from community resources, as local banks gladly furnished the necessary loans to businessmen and individuals who needed money to tide them over during the emergency.

In all, 189 people were stricken with polio in what was to be the nation's worst outbreak for any community of comparable size. Instead of mass hysteria, the people rallied with a determination to see that every victim would receive the best medical care available to insure rapid recovery. Those who were discharged from the ultra-modern hospital in the city of Roanoke, seventy-five miles away, continued to receive treatment at a special center in the heart of town at the hands of some of the nation's best physical therapists and orthopedists.

It wasn't until December that things were brought pretty much under control. By way of celebrating, we staged the most gigantic Christmas parade ever held in Southwest Virginia. Thousands lined the street; some were in tears, but most celebrated the return to normal with lusty shouts.

One thing was clear. Wythe County had found self-help to be the key to success over adversity. This one experience was to come in good future stead.

Hardly had these scars healed, however, and the memories of that heart-warming parade faded out, when in the summer of this year, the courage and self-reliance of our community were tested all over again. A disastrous drought swept through Southwest Virginia. With agriculture the basic industry in Wythe County, we were hit hard—in many ways, as hard as during the polio epidemic.

A survey of the surrounding farm land indicated that the corn crop would be only about 40 percent of normal. The dairy farmers especially were faced with serious losses. They had two alternatives now: either to sell the purebred dairy herds and dispose of the hundreds of head of beef cattle, or else buy hay and other feed until the fall pasture would come

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James A. Williams is editor and manager of the long-established newspaper, the Southwest Virginia Enterprise. He played a vital part in helping Wythe County's people in their battles against drought and polio.

in—with the hope and prayer that the rains would come someday.

What should be done? Many other counties of the South had been declared "disaster areas." The federal government was anxious to come to the rescue by granting loans at "low rates of interest," or, in dire cases, by making outright gifts. Already the County Agent, Paul E. Bird, had attended a state meeting called for the purpose of declaring certain counties "disaster areas" in order to qualify for federal aid. Bird had refused to ask for any such aid or to say that Wythe County was a disaster area until further study and more clear-cut details could be assembled.

The gathering held in his office was reminiscent of the cracker-barrel discussions held in the famed country stores of another generation. Seated in a semi-circle, with County Agent Bird serving as moderator by general consent, the representatives of the various sections of the county related their story and reported the devastating results of the summer-long drought. There was only one question: what must be done to solve the plight of the farmers during the emergency? Before long the whole discussion boiled down to the necessity of making a decision. Either we would ask for federal aid, or we would stand on our own feet, solving our own problems by individual and community initiative.

Kyle Poole, Wythe County's representative in the Virginia legislature, asked to be heard. "I want to state my stand here and now," he said. "I am opposed to any program by the federal, state or even local government that has a tendency to discourage thrift, self-help and individual effort. Here in this county we have five banks

and about $11 million available for loans. Why should farmers get money from Washington for what is almost an everyday problem?"

Delegate Poole's stand on government loans to farmers was vigorously supported by A. L. Porter, who formerly had held a government job with the Agriculture Department. It was his opinion that "the red tape involved in securing loans results in the farmer's paying more interest than what he would pay if he secured an outright loan from a local bank." Since Mr. Porter owns and operates an 800-acre farm, he spoke as a farmer who faced the same problem as the others during the long dry spell.

Participants in the discussion were I. W. Parker, president of the Wythe County National Bank, and W. T. Trevillian, cashier of the First National Farmers Bank. Both assured the group of their banks' cooperation in carrying the farmers through the crisis with loans comparable to federal financing.

Also sitting in the group that day was Dr. B. A. Wagoner, chairman of the Wythe County chapter for infantile paralysis and a prominent farmer in the county. He reminded the group of Wytheville's past experience in meeting a similarly devastating problem. "I see no need for getting excited," he emphasized. "A few present here today know what pressure was put on us during the polio epidemic. All of you know how we came through with flying colors. I want to ask this group to go on record here this morning as telling the world we will first seek to solve our own problems."

Several present voiced the same opinion, and seconds later all sounded a loud, enthusiastic "aye" in adopting a resolution which called on financially distressed farmers to bring their problems to local banks — and not to the federal government.

THE die had been cast, and the Southwest Virginia *Enterprise* carried banner headlines on the story. Following this up, the newspaper later carried a front-page editorial which caught the attention of editors on some of the nation's big city dailies.

The editorial said in part: "Millions of people believe that Uncle Sam owes them a living. Large numbers of the citizens of this generation think that if the government grants an appropriation, it costs nothing. They have as yet failed to realize that every dollar taken from the pockets of the taxpayers and sent to Washington, if ever returned to the community, is on about a quarter out of a

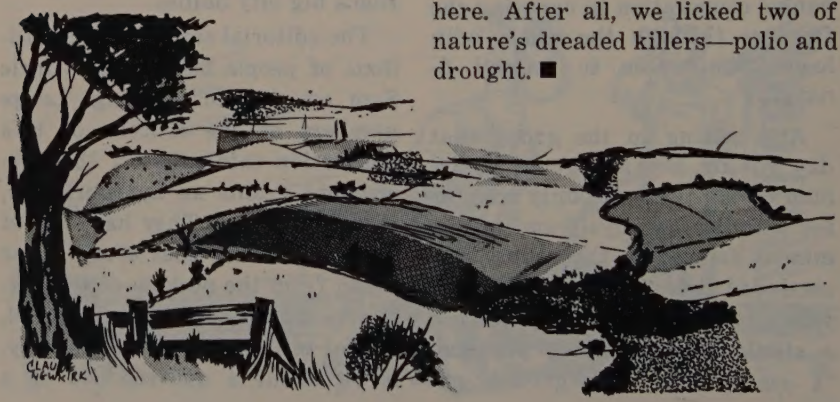
dollar basis, as seventy-five cents is required for administration."

So much for the cracker-barrel meeting and the newspaper story. The task was now to get a cross-section view from businessmen and the rank and file of Wythe County's farmers.

In the days that followed, typical farmers of moderate-sized holdings were approached. P. S. King heartily said, "I approve of the self-help action program taken by the farmers, bankers, feed supply dealers and the professional workers of Wythe County in the drought emergency." Another average farmer, W. W. Roberts, answered queries with, "Well, it seems to me that every community can solve its own problems, and I am proud of the action taken regarding the drought; every time any community has to rely on outside help, it loses more self-reliance." M. O. Buchanan, a former Production and Marketing Administration committeeman, agreed by commenting, "After all, government spending has to be paid for by the taxpayers." And so it went down the line of farmers and businessmen, with only rare exceptions. The significance of the "we'll stand on our own feet" action gradually swept across the county. Adjoining counties and other areas of the state began to use Wythe County as an example.

Months after this trying period, Wythe County's people still talk with satisfaction about how they turned thumbs down on federal loans for emergency purposes, and how the rains did come to make things slightly less difficult than anticipated.

Any Wythe County inhabitant can tell you that there is nothing like social and economic self-reliance to make a man feel that the Spirit of 1776 is still alive here. After all, we licked two of nature's dreaded killers—polio and drought. ■



ECONOMICS IN ACTION (*Continued*)

Santa Claus is slated this Christmas to bring a bonanza for businessmen's purses as well as youngsters' stockings. After a good but not spectacular year in retail trading, record Christmas sales are expected to set a brisk pace for 1953's business... Christmas Club funds, now totaling a billion dollars, will supplement high American earnings and help finance the trend toward more spending, less saving...Tempting the shopper who is interested in children's gifts will be interplanetary outfits, anti-gravity pistols, model space ships and other paraphernalia for space-conscious youngsters. For the daughter of the house, the biggest luxury item is a "glamour doll," complete with dark glasses and mink coat – for $300 (plus 20 percent federal tax)....

American farms will produce a record amount of food this year, but farm owners may have a taste of hard times. Wholesale food prices are going down, while the costs of production are going up – and the farmer is caught in between. This means that some American farmers are going to be a little hard-pressed for cash in the future...Others who will be pressed for money are people buying on credit or installment plans. Although the credit rating of Americans is excellent, many firms feel that there has been too much buying on the cuff lately. The tendency is to "take the cash and let the credit go"....

Your electric bill is one of the few items that is no harder on your pocketbook now than it was before the war. The 1939 dollar now buys only 75¢ worth of rent or 50¢ worth of clothing – but $1.05 worth of electric power, light and heat...As for atomic power, England will probably beat America

in using it commercially. Although one expert predicts that atomic reactors will be producing electricity for homes and factories within the next five years, it's likely that development in this country will be slowed by disputes about the economic and security problems of releasing atomic secrets to private industry....

Europe is growing tired of her dependent relationship with America. Signs are that Europe wants more and more to help herself and stop being obligated to America...Steel production is up all over the Continent, especially in France where the Monnet Plan, which encourages investment, productivity and cost-cutting, has gone a long way toward revitalizing industry...Russia, on the other hand, is faced with dwindling stocks of strategic materials like aluminum and copper, which the free world will no longer ship to her....

The Department of Better Mousetraps: a salt-and-chlorophyll toothpaste, claimed to be germ-killing and deodorizing, which tastes like a mixture of "wintergreen and salt-water taffy" - paper bags impregnated with insecticide to keep garbage pails free from bugs - dolls' hair wigs that "grow" through a miniature winding device - a man's muff with its own heating unit, said to keep hands a toasty 120° even in blustery weather - mechanized potato peelers to help the weary but vitamin-conscious housewife "rub" only the barest amount of skin off fruits and vegetables - and, at long last, the better mousetrap itself: it kills the animal by electric shock, places the body in a drawer for easy disposal and resets itself!